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BY THE HOUSE OF DELEGATES,
February 23d, 1854.

Read and ordered to be printed.

R E P O R T

OF THE

COMMITTEE ON WAYS & MEANS,

IN RELATION TO THE

FINANCES OF THE STATE.

REPORT.

The Committee on Ways and Means to whom was referred so much of the Governor's Message as relates to the revenue and finances of the State, respectfully report :

That they have given to the matters intrusted to them the consideration which their great importance so justly deserves, and are happy to be able to congratulate the people of the State upon the continued prosperity of its financial affairs.

By reference to the report of the late Comptroller and to the replies of his successor to calls for additional information, it appears, that the receipts from all sources for the fiscal year ending 30th September 1853, amounted to

\$1,000,053 19

To this sum add the receipts for October and November 1853,

217,466 72

Gross receipts for twelve months,

\$1,217,519 91

The expenditure for the same period was

\$1,193,569 59

Excess of receipts over expenditure,

\$23,950 32

Add to this the balance in the Treasury on 1st

December 1852,

\$170,452 28

Leaving a balance in the Treasury, as of the }
1st December 1853, of

\$194,402 60

Of the amount received during the twelve months, the sum of \$461,343 29 was derived from the direct tax, and the sum of \$756,176 62, from other sources.

Of the amount received from the direct tax, the sum of \$182,735 18, was derived from the tax for the year 1853, and the sum of \$278,607 47, from the revenue for previous years.

Of the amount received from other sources, the sum of \$730,749 82, accrued during the year 1853, and the sum of \$25,426 80, before that year. It therefore appears, that the entire amount of revenue accruing during the year 1853, which was received during that year was \$913,485 00.

By submitting the revenues for the year 1852 to a similar examination, it appears, that of the sum \$472,135 65 received during that fiscal year on account of the direct tax, the sum of \$267,378 44, was on account of previous years, and \$204,757 21, accrued during that year; and that, of the sum of \$807,817 63 re-

ceived during that year from other sources, the sum of \$44,002 53 accrued during previous years, and the sum of \$763,815 10, during the year 1852.

Comparing these amounts, it appears that the revenue accrued from direct taxes for the year 1852, and paid in during that year exceeds the amount from that source accrued and paid in during the year 1853 by \$22,022 03; and the revenue accrued and received in 1852 from other sources, exceeds the amount accrued and paid in from these sources during the year 1853 by \$33,065 28; and further, that the whole revenue accrued and received during the year 1852, exceeds that accrued and received during the year 1853, by \$55,087 31.

The decrease in the receipts from the direct tax was the necessary result of the reduced rate of taxation established by the last Legislature, and also of the diminished amount due to the State by collectors. This last cause will continue to operate in each successive year. As the settlement of such balances is postponed, the probability of their collection is lessened, and the amount which the State may be expected to realize from this source in each year will diminish. On the 1st December 1852, the aggregate amount due from collectors in arrears was \$442,318 49. The report made at this session by the present Comptroller, in compliance with an order of the House, shows the aggregate amount as of the 30th September 1853, to be \$377,998 46; and more than \$12,000 of this sum is lost to the State in a single case, by a decision of the courts.

Several causes combined to reduce the revenue for the year 1853, from sources other than the direct tax. The Susquehanna rail road company paid into the treasury \$35,000 less than the amount paid in 1852. The sum of \$10,000 levied upon the counties for African colonization by the act of 1831, chapter 281, is no longer payable from that source. There have been other reductions made, but these two items more than account for the difference between the receipts for 1852 and 1853, from these sources.

The committee have examined with care the estimates of the late comptroller, and are of opinion that they present too favorable a statement of the probable receipts for the current fiscal year, and too small an estimate of the probable expenditure for the same period.

He has estimated the probable receipts as	\$1,198,987 50
And the probable expenditures as	908,350 00

Excess of estimated receipts over estimated expenditures,	\$290,637 50
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No estimate can ever be expected to attain perfect accuracy, but a judicious comparison of the receipts of previous years will generally insure a reasonable approximation of estimated to actual receipts. The committee have made such an examination, and

their estimates differ considerably from those set forth in the report of the late comptroller. The following statement will show the difference between the estimates of the late Comptroller for the current year, and the receipts for 1853, in reference to a few of the items.

	Comptrol- ler's esti- mates for 1854.	Receipts for 1853.	Excess of estimates for 1854 over re- ceipts for 1853.
Auction licenses, - - -	\$10,000 00	\$ 9,500 00	\$ 500 00
Baltimore and Ohio rail road for one-fifth receipts on Washington Branch,	75,000 00	70,426 38	4,573 62
Fines and forfeitures,	4,000 00	2,703 16	1,296 84
Licenses from clerks,	150,000 00	132,709 92	17,290 08
Live stock scales,	15,000 00	10,991 55	4,008 45
Stamps,	75,000 00	61,450 64	13,549 36
Tax on Commissions of exe- cutors and administrators,	30,000 00	25,985 29	4,014 71
Tax on Commissions of trus- tees and receivers,	10,000 00	7,837 60	2,662 40
Tax on incorporated insti- tutions,	30,000 00	19,108 64	10,891 36
Excess of officers' fees,	8,000 00	1,876 24	6,123 76

By carrying out the comparison as instituted in the above table, to all the items of estimates, it will appear that their excess, as compared with the receipts for 1853, is more than \$70,000. The income from the Washington Branch of the Baltimore and Ohio rail road for the year 1853, exceeded that of the previous year \$10,599 68, and this extraordinary increase was in a great degree attributable to the inauguration of the President, which drew to Capital vast crowds of travellers. No such special occasion will exist this year, and the probability is that there will be a diminution rather than an increase of revenue from that source. So also, the committee can see no reason to anticipate so large an increase from the sale of stamps under the present system, as that claimed by the late Comptroller, and the same remark applies to the excess of officers' fees, the tax on incorporated institutions, the licenses from clerks, the tax on the commissions of executors and administrators, and to various other items. Some *under* estimates appear upon a comparison of other items, but upon a rigid examination it will be found that there is a probable over estimate of at least \$50,000, as compared with the receipts of the last year.

The Comptroller, in his estimate, credits the State with the sum of \$18,000 for auction duties, and has omitted to add this sum to the probable expenditures in conformity with the act of 1853, ch. 266, which appropriates those duties, to the extent annually of \$20,000 to the purposes of deepening and improving the channel of the Patapsco river.

In his estimate of expenditures he has made no provision for the salary of the State Reporter and the State's subscription to the volume of Reports, which makes a further difference of \$1,500.

The present Comptroller and the Treasurer have estimated the interest on the public debt at \$678,445 23, making a further increase of expenditure over the estimate in the report of \$4,163 36.

In the opinion of the committee, the estimated receipts from the direct tax are too great. The experience of the past will prove, that the annual receipts from that source cannot be fairly rated at more than the full amount of the levy for the current year; as the arrears paid in on account of former years usually supply the failure in collections for the current year. Of the sum collectable for 1853, on account of the direct tax for that year, not more than one-half was received; the greater part of the receipts from that source being derived from the balances for former years.

The levy for the current year is \$365,956 92, while the estimate of the Comptroller is \$450,000, being a difference of \$84,043 08. The committee have given their reasons above for supposing that the payments from collectors in arrear cannot be relied upon to furnish as large a return as in former years, and they therefore think the estimates of the Comptroller for this item are in excess at least \$40,000.

These estimates of the committee are merely submitted as such, and perhaps may not be justified by the result; but they are made after careful examination of the whole subject, and are believed to be reliable.

Collecting these several over estimates and omissions, we must deduct from the the probable surplus set forth in the report these items, viz:

Auction duties,	\$18,000 00
State Reporter,	1,500 00
Supposed excess of estimates over receipts,	50,000 00
Under estimate of interest on debt,	4,163 36
Excess in estimate of direct tax,	40,000 00
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	\$113,663 36

The present Comptroller represents several of the smaller appropriations for the past year to be in debt, and he has therefore increased the estimates for those items. This will swell the difference to \$115,000.

The report of the various operations at the Treasury during the past year exhibit a highly prosperous condition of affairs. It ap-

appears conclusively that the financial policy of the State needs no alteration, and that a firm adherence to the present system will, in a few years enable the Legislature to relieve the people from the burden of direct taxation, and to discharge the whole debt. Under the act of 1853, chapter 260, the surplus left in the Treasury after defraying the ordinary expenses of Government, and the current interest upon the funded debt, is applied, to the extent of \$100,000, to the enlargement of the sinking fund. The surplus over the sum of \$100,000, is applied to the purchase and actual cancellation of the debt. This application of the surplus, together with the investment of the annual increment of the sinking fund is rapidly absorbing the whole debt, by a gradual system which imposes no hardship upon the people of the State. Long before the time shall have arrived when the greater part of the debt will become due the State will be possessed of all of it, not actually extinguished.

The report of the Treasurer made in compliance with an order of this House, will show, that sum of \$277,629 99 has been added to the sinking fund since the 1st of December 1852, and that its aggregate amount is now \$3,005,706. Since December 1852, there has been purchased and cancelled under the act of 1853, chapter 360, the further sum of \$127,759 64.

No community has ever occupied a more enviable position than Maryland will hold when eight years shall have passed, if she is but true to her own best interest, and refuses to interfere with her present tax system. No more fatal error could be committed than to attempt to limit the receipts to the amount of the ordinary expenses of Government. The injury to the credit of Maryland, and of the Internal Improvement companies within its borders and to the whole property within the State would be certain and immediate. Even if it were contemplated to devote no more to the enlargement of the sinking fund than the increment of the fund itself it would still be but prudent and necessary always to be able to retain a considerable surplus in the Treasury. There are fixed periods when large amounts are payable by the State, while the payments into the Treasury are made at uncertain times. If the annual receipts were barely equal to the expenses, there would be times when the State would be unable to meet its current liabilities. By allowing a reasonable excess of receipts over expenditures, this danger is avoided, and the means of further reduction of the debt is ever at hand.

It will also be observed that there are several important items heretofore holding a place in the list of receipts which can no longer be so regarded. The sum of \$10,000 for African Colonization is no longer paid into the Treasury by the counties; though that sum is annually disbursed for that purpose under the act of 1852; chapter 202. The Auction duties, as before remarked, are now payable out of the Treasury, to the extent of \$20,000, to the Mayor and City Council of Baltimore. The Baltimore and Sus-

quehanna rail road can no longer be relied upon for the payment of any portion of the interest on its debt. After the year 1859, no further revenue will be received from the Lottery system, which will make a further difference of \$51,000 a year. The receipts from ordinary licenses for the past year amounted to \$31,000: if the prohibitory liquor law should go into operation, the greater part of this amount will be lost to the State. The revenue from the Susquehanna and Tide Water canals has been paid into the Treasury for some years past, but all such enterprises are liable to serious accidents and the recurrence of such disasters as these works experienced from freshets a few years since, would deprive the State of the revenue from this source for years.

These considerations, together with the fact that the last Legislature reduced the direct tax two-fifths, that the present balances due from collectors will soon cease to yield any revenue, and that the larger part of the item of \$10,000 for interest will therefore disappear, have led the committee to believe that no change should be made in the present revenue system, except to insure a prompter compliance with the laws upon those subjects.

The committee have thought it proper to make mention of these contingences attending the future revenues; as prudence would suggest an under estimate rather than too flattering a picture of the probable receipts. The yearly increase of the taxable property in the State, will contribute to supply any deficiencies if the present system of taxation is undisturbed.

The relief which the tax payer would experience from a reduction of the tax would be inconsiderable, while the continuance of the present system gives him the certain assurance that his burdens may soon be entirely removed. There has never existed a period in the history of the State, when the citizen could better afford to contribute his quota to the public. The nation is at peace with the whole world; the State is in the enjoyment of unexampled prosperity; the labor of every class receives a liberal reward. No prudent and honest man would agree to postpone the discharge of his debts, if he possessed the means of their present payment: wisdom and economy combine to dictate a contrary course. A rule so manifestly proper in individual affairs cannot but be correct when applied to the concerns of the State.

The irregularity attending the returns from registers and clerks of the tax upon the commissions of executors and administrators, trustees and receivers and on collateral inheritances, has more than once been brought to the notice of the Legislature by the Comptroller. In view of these representatives, the committee have reported a bill which, it is hoped, may remedy this evil.

In conformity with the act of 1853, ch. 86, the licenses formerly granted by the clerks of the counties are issued by the Comptroller. To produce uniformity on this subject, the committee have reported a bill requiring the licenses heretofore granted by

the Treasurer to auctioneers and agents of foreign corporations to issue hereafter from the office of the Comptroller.

The continuance of the present system of taxation in full vigor will enable the State to devote some portion of its revenue to deserving objects which call loudly for its aid. The committee would feel that they had left an important duty unperformed if they omitted to call the attention of the Legislature to the present condition of the Maryland State Hospital for the Insane. At the session of 1852, this noble charity was founded by the State, and a small appropriation made. The commissioners reported to the last Legislature that they had secured a suitable site, agreed upon a plan and actually commenced the building. No appropriation was made by that Legislature, and the subject is now brought to the notice of the House, in the hope that it may receive favorable attention. By the terms of the third section of the act of 1852, chapter 302, the commissioners were directed "to proceed with the erection of the hospital as rapidly as the appropriations made by the General Assembly from time to time will permit." It needs no argument to show the sacred nature of the obligation resting upon the State, to contribute to the care and protection of that unfortunate class of its citizens who are the objects of this Charity, or to prove that its plighted faith would be violated if it suffered this noble enterprise to languish. At the last session, the belief was entertained that individual munificence would complete the design without aid from the State, but this belief proved unfounded, and it seems clear that the work must be performed by the State, if it is to be accomplished at all.

The intermission of a session of the Legislature for the year 1855, renders it necessary that the demands for that year should be provided for at this session, and an appropriation bill is now reported for that year with that for the current year.

Twelve years since, the State seemed almost insolvent—its solemn contracts unfulfilled, and its credit gone. It is now prosperous and honored among the nations of the earth. The wisdom of its rulers and the patriotic efforts of its people achieved this glorious result. If the same wisdom and patriotism shall continue to direct its councils and influence its citizens, Maryland will soon present a spectacle, at once the envy and admiration of the world. That this consummation is near at hand, the committee cannot allow themselves to doubt.

A. B. HAGNER, Chairman.

